

ANGUS COUNCIL

12 SEPTEMBER 2024

**ANGUS LOCAL HEAT & ENERGY EFFICIENCY STRATEGY AND DELIVERY PLAN
FINAL REPORT**

**REPORT BY ALISON SMITH, DIRECTOR OF VIBRANT COMMUNITIES AND SUSTAINABLE
GROWTH**

1. ABSTRACT

This report seeks the approval of the Angus Local Heat & Energy Efficiency Strategy (LHEES) and Delivery Plan.

2. ALIGNMENT TO THE COUNCIL PLAN AND COUNCIL POLICIES

The Angus Local Heat and Energy Efficiency Strategy (LHEES) and Delivery Plan contributes to the following priorities in the Angus Council Plan 2023-2028.

Caring for our Place

- Take action to mitigate against climate change by delivering our Transition to Net Zero Action Plan: 2022 to 2030 and leading on the delivery of a Sustainable Energy Climate Action Plan (SECAP) for Angus to reduce area wide emissions.
- Reduce our energy use through a reduction in our property estate coupled with good management to reduce wasting energy.
- Coordinate activity and develop a vision for our places, through relevant plans and strategies.
- Produce a Local Development Plan for Angus.

Caring for our Economy

- Support businesses to grow and invest in Angus

3. RECOMMENDATION(S)

It is recommended that the Council:

- (i) Has regard to the feedback received from the consultation undertaken on the draft LHEES and Delivery Plan, notes the responses to the feedback and agrees the proposed changes as set out in Appendix 1;
- (ii) Approve the Angus LHEES and Delivery Plan as set out in Appendices 3 and 4;
- (iii) Delegate authority to the Service Leader – Planning and Sustainable Growth to make any minor technical and typographical changes, as well as any presentational and graphical changes to the Angus LHEES and Delivery Plan where required.

4. BACKGROUND

- 4.1 The production of LHEES became a statutory duty for local authorities in May 2022 through the Local Heat and Energy Efficiency Strategies (Scotland) Order 2022. This required local authorities to publish their strategy and associated delivery plans by the 31 of December 2023. Legislation requires the LHEES and its Delivery Plan to be updated every five years, with the next update being due in 2029. The Council was unable to meet the 31 of December 2023 deadline due to availability of staff resource, workload, and the availability of consultants. Many

Councils were in a similar situation and by the deadline date 31 of December 2023 only 11 Local Authorities had published their LHEES and Delivery Plans. There are currently 12 awaiting publication.

- 4.2 The Scottish Government's Heat in Buildings Strategy makes it clear that, by 2045, our homes and buildings must no longer contribute to climate change emissions, while also tackling fuel poverty. LHEES will be the core strategy and delivery programme to reduce energy demand and decarbonise heat supply within Angus. The strategy is a place based, locally led and tailored approach which sets out the long-term plan for decarbonising heat in buildings and improving their energy efficiency within Angus. The aim of our LHEES is to:

"Improve the energy efficiency of buildings and ensure a just transition to decarbonised heat sources across Angus to reduce Fuel Poverty and contribute towards achieving Net Zero emissions".

- 4.3 The LHEES is primarily driven by Scotland's statutory targets for greenhouse gas emissions reduction and fuel poverty:

- Net Zero emissions by 2045; and
- In 2040, as far as reasonably possible, no household in Scotland is in fuel poverty.

- 4.4 Whilst the key driver behind the preparation and then implementation of the LHEES is to reduce carbon emissions, it should also be noted it plays an important role in finding ways to reduce fuel poverty. By delivering better, more efficient heating systems, energy bills can be reduced and overall quality of life for residents improved as a result.

- 4.5 In developing the LHEES and Delivery Plan, the Council has followed the eight-stage process, outlined in the methodology guidance issued by Scottish Government, which is as follows:

- Stage 1: Policy and strategy review – identifying the local and national policies, targets and strategies that are linked to the LHEES.
- Stage 2: Data and tools library – developing a library of all appropriate data and tools that will support analysis in subsequent stages of the LHEES.
- Stage 3: Strategic zoning and pathways – establishing a baseline for the Angus area's existing building stock including: characteristics, energy efficiency levels and heat supply and performance. This results in the establishment of strategic zones relating to the LHEES considerations.
- Stage 4: Generation of initial delivery areas – generation of potential delivery areas driven by the LHEES considerations.
- Stage 5: Building-level pathways assessment – assessing the interventions required to decarbonise heating and improve energy efficiency in buildings within Angus.
- Stage 6: Finalisation of delivery areas – using the outputs from stages 1-5 to identify a range of potential projects further refine delivery areas.
- Stage 7: Strategy – summarising findings in stage 1-6, this document and supporting materials.
- Stage 8: Delivery Plan – setting out how Angus will implement their LHEES through preparation of a Delivery Plan.

- 4.6 LHEES seek to address the following considerations:

- Off-gas buildings – Transitioning from heating with oil and LPG in gas areas.
- On-gas grid buildings – On-gas grid heat decarbonisation
- Heat Networks – Decarbonisation using heat networks
- Poor building energy efficiency.
- Poor building energy efficiency as a driver for fuel poverty

- Mixed-tenure, mixed-use and historic buildings – Covers mixed-tenure/use, listed buildings and buildings in conservation areas.

4.7 LHEES is not limited to the Council's building stock; it considers all buildings within Angus. The LHEES has been developed by the Council, but it needs to be supported and delivered by everyone in Angus. The LHEES has highlighted which options are likely to be available for most buildings and also those buildings which are going to be harder to treat. It will be for individual homeowners, businesses, and landlords to decide what is best for them and their buildings within the financial resources that they have available to them.

5. CURRENT POSITION

5.1 Public consultation on the draft Local Heat & Energy Efficiency Strategy and Delivery Plan took place between 20 June and 2 August 2024. The consultation was promoted on the Engage Angus portal and through regular posting on the Council's website, social media channels and e-newsletters. Both the documents and an interactive digital map showing the LHEES area-based outputs were available on Engage Angus.

5.2 There were 93 responses to the consultation; the vast majority of comments came from respondents who own a home in Angus and private landlords with properties in Angus. Appendix 1 to this report, analyses, and groups the responses into themes; provides the proposed response to them from the Council and any appropriate changes proposed to be made to the proposed LHEES and Delivery Plan. This has been created from data received on Engage Angus in relation to the consultation. Appendix 2 to this report contains the full detail of the consultation responses.

5.3 The LHEES and Delivery Plan have generally been well received from the respondents. A brief summary of the responses to the consultation is set out below:

- 75% of respondents agree with the LHEES aim of 'improving the energy efficiency of buildings and ensure a just transition to decarbonised heat sources across Angus to reduce Fuel Poverty and contribute towards achieving Net Zero emission'.
- The main barrier identified by respondents for installing energy efficiency measures is cost. Cost and Funding were a key theme throughout the responses.
- 52% of respondents have a negative view of Heat Pumps with the main reasons of concern being their suitability for conditions in Scotland, their reliance within the Strategy, and their running costs (cost of electricity).
- 53% of respondents have a neutral view of Heat Networks, but 59% of respondents agreed with the identification of the proposed Heat Network Zones. There were a number of comments around the methodology used to identify the zones, e.g. why certain towns have no zones identified.
- 72% of the respondents agreed with proposed Delivery Plan focus, and 68% agreed with the action tables within the Delivery Plan. Some respondents would like to see alternative options investigated, more engagement on the Delivery Plan actions that is open and honest, and immediate action.
- The final question allowed respondents to provide more feedback on the LHEES and Delivery Plan, and/or expand further on any of their previous responses. Respondents raised further concerns around costs, access to funding, the actual efficiency of measures and technologies, sufficient accredited contractors, rent increases, Listed Buildings issues / constraints, the reliance on heat pumps, the cost of electricity, electricity grid constraints / reliability, and concerns over the potential long term detrimental effect on buildings from installing wall and floor insulation. Some respondents disagreed with the whole LHEES requirement and the reasons for why it is needed.

6. PROPOSALS

6.1 Overall there is generally support for the LHEES and Delivery Plan as proposed. As part of the consultation responses, some changes are proposed within the final report. The changes are all additions of text to provide further explanation to certain sections within the Strategy document; it is recommended that the changes summarised below are approved by Council:

- Addition of text to LHEES, section 5.1 Heat Decarbonisation Targets: Evidence from the Scottish Government supporting that Heat Pumps are suitable to operate effectively in Scotland.
- Addition of text to LHEES, section 5.2 Heat Decarbonisation – Building Level: Text from the Scottish Government's Heat in Buildings Strategy stating how critical the correct specification and sizing of heat pumps and heat emitters (e.g. radiators) are to ensure optimum heat pump performance.
- Addition of text to LHEES, section 5.3 Heat Decarbonisation - Heat Networks: Evidence from the Competition and Markets Authority to support the running costs of Heat Networks.
- Addition of text to LHEES, section 5.3 Heat Decarbonisation - Heat Networks: Further explanation of the LHEES methodology for the identification of Heat Network Zones.
- Addition of text to the LHEES, section 5.5.2 Conservation Areas and Listed Buildings: Information regarding the Historic Environment Scotland technical document 'Guide to Energy Retrofit of Traditional Buildings'.
- Addition of two maps to the Appendices: 8.3 shows the location of the existing Heat Networks (communal heating systems) within Angus and 8.6 shows the location of the Identified Heat Network Zones within Angus

6.2 It is recommended that the finalised versions of the LHEES and Delivery Plan (Appendices 3 and 4) be approved by Council, which include the proposed changes detailed in Paragraph 6.1 above.

6.3 Following approval, work will commence on taking forward the actions contained within the Delivery Plan. This first Delivery Plan mainly focuses on raising awareness of LHEES, stakeholder and partner engagement, and laying the foundations of governance to enable the successful delivery of LHEES. There are specific Delivery Plan actions for Council led initiatives and projects which will deliver progress on energy efficiency and heat decarbonisation. The progress of the Delivery Plan will be reported annually to committee.

7. FINANCIAL IMPLICATIONS

7.1 There are no direct financial implications arising from the recommendations of this report, but the Council will be expected to lead by example and invest in decarbonising and improving the energy efficiency of its domestic and non-domestic buildings to help meet the Net Zero by 2045 target. These works will likely be of significant cost, require staff resource to progress and will prove challenging to deliver in the current financial climate.

7.2 For Council owned domestic and non-domestic buildings, the Council can directly influence the delivery of energy efficiency improvements to its building stock and transition to zero-emissions heat systems. For all other building tenures and types the Council has more of a facilitation role in the delivery of LHEES for Householders, Landlords, Communities, Business & Industry and the wider Public Sector. It is crucial that adequate and accessible funding streams for all sector and tenure types are made available by the Scottish Government to allow the successful Delivery of LHEES.

7.3 The Scottish Government recognised that Local Authorities need to be suitably resourced to undertake LHEES and worked in partnership with COSLA to agree and deliver appropriate funding to enable Local Authorities to produce their LHEES. Each Local Authority received funding of £75,000 for 2022/23 to develop their strategies and delivery plans with the £75,000 of additional funding agreed annually until financial year 2027/28. The funding is paid through the general revenue grant and is therefore not ringfenced but is considered essential to support delivery of the LHEES and Delivery Plan. Consideration of the best use of this funding will therefore be made as part of the annual budget process and flexibility applied between financial years where required to support the work.

- 7.4 The Council-appointed consultants used the majority of the first-year award for undertaking Stages 1 to 6 of the Scottish Government LHEES process, as detailed in paragraph 4.5 above, and providing support in the preparation of the LHEES Strategy and Delivery Plan (Stages 7 and 8). Current remaining funds and the funding to 2027/28 will be used to appoint a member of staff and/or external technical support to progress with the LHEES Delivery Plan and to contribute to delivery of the LHEES.
- 7.5 Currently no Council funds have been specifically allocated for LHEES Delivery, however funding from the Tay Cities Region Deal (Angus Fund) has been allocated to deliver innovative low carbon technologies on older buildings to improve energy efficiency and tenant comfort. The Delivery Plan actions for the Council's own non-domestic building estate, for example, are being funded via the climate change/net zero and biodiversity one off investment fund. The availability of future Council funds needs to be explored as the LHEES is a long-term plan for decarbonising heat in buildings and improving their energy efficiency across Angus, and relying on one off investment funds does not allow for long-term project planning. This may therefore be the subject of future funding requests.

8. RISK MANAGEMENT

- 8.1 Climate Change is identified as a risk within the Corporate Risk Register. The LHEES is an action within the Register to help reduce the impact of climate change.
- 8.2 If the LHEES and Delivery Plan are not approved and/or implemented there is a risk of the following National Statutory Targets not being met:
- Climate Change Scotland Act 2009, (as amended). The Act sets out the initial legal framework for climate action and targets for the reduction of greenhouse gases in Scotland. The Act was updated in 2019; ambitious new targets were set for the reduction of greenhouse gases in Scotland with the aim of reaching Net Zero emissions by 2045. Failure to approve and/or implement the LHEES will result in Angus failing to meet the Net Zero target. Angus' energy consumption is 37% of the total area-wide emissions; the majority of homes and businesses are currently heated and powered by fossil fuels, they must decarbonise via the LHEES and Delivery Plan.
 - Fuel Poverty (Targets, Definition and Strategy) (Scotland) Act 2019. The Act sets targets relating to the eradication of fuel poverty in Scotland by 2040. The Scottish House Condition Survey (SHCS 2017-19) reported that 22% of households in Angus were in fuel poverty and 10% in were in extreme fuel poverty. The LHEES aims to remove low levels of energy efficiency as a driver of fuel poverty; failure to approve and/or implement the LHEES will result in Angus failing to reduce its levels of fuel poverty.
- 8.3 NPF4 requires Local Development Plans to encourage and promote development that supports decarbonised solutions to heat and cooling demand by taking into account the area's Local Heat and Energy Efficiency Strategy (LHEES) to understand areas of heat network potential and any designated Heat Network Zones, which use and store heat from low or zero-emission sources. If the proposed LHEES and Delivery Plan are not approved by this committee meeting, the resulting delay may leave a gap in our evidence base and will not accord with the requirements for NPF4.

9. ENVIRONMENTAL IMPLICATIONS

Strategic Environmental Assessment

- 9.1 In September 2023, after undertaking a screening process, the LHEES document was determined, in consultation with Nature Scot, SEPA and Historic Environment Scotland, to be unlikely to have significant environmental impacts and therefore no further SEA process was required.

Carbon Emissions

- 9.2 The Local Authority territorial carbon dioxide (CO₂) emissions estimates 2005-2021 (Full dataset) shows that 37% of Angus' territorial CO₂ emissions are attributable to energy consumed by industrial, commercial, public sector and domestic users.
- 9.3 Angus area-wide must improve the energy efficiency of its buildings and transition to zero-emissions heating as quickly, and as fairly, as possible to contribute towards Net Zero emissions by 2045 to help mitigate the climate crisis, which is becoming more and more evident across Angus.

10. EQUALITY IMPACT ASSESSMENT, HUMAN RIGHTS AND FAIRER SCOTLAND DUTY

- 10.1 A full Equality Impact Assessment (EIA) been completed as the LHEES and Delivery Plan will have an impact on people. The EIA is presented within Appendix 5 of this report.

11. CHILDRENS RIGHTS AND WELLBEING IMPACT ASSESSMENT

- 11.1 A Childrens Rights and Wellbeing Impact Assessment has been undertaken and a full assessment is not required as the "General Principles" do not apply to this proposal.

12. CONSULTATION

- 12.1 The Director of Finance and Director of Legal, Governance and Change were consulted in the preparation of this report.

NOTE: No background papers, as detailed by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to a material extent in preparing the above report.

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List of Appendices:

- Appendix 1: LHEES – Analysis of Public Consultation Responses
- Appendix 2: LHEES – List of Public Consultation Comments
- Appendix 3: Local Heat & Energy Efficiency Strategy
- Appendix 4: LHEES Delivery Plan
- Appendix 5: Equalities Impact Assessment